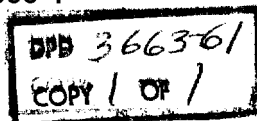


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8 June 1961

CMCC Doc. No. 151x5.1821

Copy 1 of 2

Page 1 of 1

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Dear Dan:

Subject: Contracts A-101 and NY-A-501

Reference is made to our previous conversation concerning our recovery of general research costs against the subject contracts. It was clearly our responsibility to have followed through on our original letter dated March 15, 1956 which requested coverage. However, the fact that we did not until this late date, we hope will not preclude recovery. As you know, the original discussions were with Bob S. When Bob was transferred to Denver, Sid W. assumed the responsibility for the administration and shortly thereafter it was passed on to me. All of us, subsequent to Bob S., I am afraid, were not completely aware of the problem and consequently did not aggressively pursue it. It was only in our contract closing actions that the matter was once again brought to our attention.

I asked our accounting people to review the additional costs which would accrue to the subject contracts in the event the contracts were amended by inclusion of the appropriate research clause effective 1959. The effect on A-101 would be an increase of \$4,080.54 and the effect on NY-A-501 would be an increase of \$1,046.25. Although these amounts are relatively small as compared to the total contract, they are still sufficiently large enough in amount to warrant the amendment. I would, therefore, very much appreciate the addition of the attached clause to the subject contracts with the effective date of 1 January 1959. The basis for the amendment, in all honesty, should be that the parties intended to include the amendments but, inadvertently, as a result of change in personnel neglected to do so.

I will hold up execution of the supplemental agreements pending advice from you as to the most appropriate method of approaching the problem.

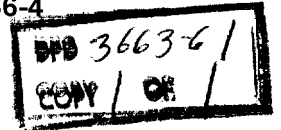
Sincerely,


 Jack

Enc. General Research Clause

*Incorporated
into Amendment
25*

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General Research Clause

(1) Reimbursement for the cost of contractor's independent research and development program shall be made under this contract to the extent and in the manner herein provided. At the beginning of contractor's fiscal year, contractor shall present to the appropriate negotiating activity a technical brochure describing the results of the prior period activities and its proposed independent research and development program for the ensuing year and the amount budgeted therefor. Upon receipt of such brochure, the parties shall negotiate to determine the proportion of the cost of said independent research and development program which will be included in the overhead account for allocation to Government contracts. A written memorandum shall be made reflecting the results of such negotiation, and the Government shall not be under any obligation to recognize any further amount for independent research and development costs.

It is understood that the amount for the above will not exceed \$4,080.54.

SECRET